DECISION **2026 NSRAB 105**
M12922 and M12933

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE *INSURANCE ACT*

- and -

IN THE MATTER OF AN APPLICATION by **LIBERTY MUTUAL INSURANCE COMPANY** for approval to change its rates and risk-classification system for all-terrain vehicles, snow vehicles and motorhomes

BEFORE: Jennifer L. Nicholson CPA, CA, Member

APPLICANT: **LIBERTY MUTUAL INSURANCE COMPANY**

FINAL SUBMISSIONS: July 3, 2026

DECISION DATE: **July 28, 2026**

DECISION: **Applications are approved.**

I INTRODUCTION

[1] Liberty Mutual Insurance Company (Liberty) filed two applications proposing changes to its rates and risk-classification system for all-terrain vehicles, snow vehicles and motorhomes, with the Nova Scotia Regulatory and Appeals Board. The filing complied with the Board's "*Rate Filing Requirements for Automobile Insurance – Section 155G Adopt IAO Rates*".

[2] Liberty proposes the adoption of IAO Actuarial Consulting Services Inc. (IAO) rates and risk-classification system. The Board had approved IAO rates and risk classification system in an earlier decision, 2025 NSRAB 52, without modification to satisfy the mandatory filing deadline. Liberty had a mandatory filing deadline of July 1, 2026. IAO's application included the actuarial analyses required under a mandatory filing, and therefore, the applications by Liberty to adopt those rates qualify to reset the mandatory filing deadline to June 1, 2029.

[3] Board staff recommend the Board use the earlier IAO decision to review this matter. The Board agrees.

II ANALYSIS

[4] To adopt IAO rates, under the Board's agreement with IAO, a company must make an application that explains why it is appropriate for the company to adopt the rates; adjust (downward only) the rates to reflect the desire to use a proposed return on equity (ROE) that is lower than the ROE approved for IAO (12%); or adjust the rates, if desired, to reflect any differences in the company's expense ratio relative to that included in the approved IAO rates.

[5] For all three vehicle types, Liberty has not written any vehicles on an individual basis under its current rates, which were the IAO rates at the time of the previous filings. Liberty generally only makes these rates available to accommodate a client who might require such a vehicle to be insured individually. In these circumstances, it seems reasonable for the company to adopt rates based upon the IAO-approved rates.

[6] From its previous filings, Liberty viewed the 12% ROE used in the IAO rates as reasonable considering the company's automobile exposure in Nova Scotia. Liberty proposes to make no adjustment for ROE, consistent with the prior application. This approach seems reasonable in the circumstances.

[7] Liberty's expense ratio, as provided in its financial information, falls within the range used by IAO in its recent application, as it did with the previous filings. There is no evidence to suggest that the circumstances have changed to warrant an adjustment for expense differences. Liberty does not propose any adjustment for the expense ratio as allowed.

[8] Liberty supported both its decision to use IAO rates and to make no adjustments for differences in ROE and expenses. Board staff recommend that the Board approve the Liberty proposal. The Board agrees.

Effective Date

[9] Liberty proposed an effective date of August 1, 2026, for both new business and renewals. Board staff recommend that the Board approve this effective date. The Board agrees.

III SUMMARY

[10] The Board finds that the application follows the *Insurance Act (Act)* and its *Regulations*, as well as the *Rate Filing Requirements*.

[11] The Board finds the proposed rates are just and reasonable, and approves the changes effective August 1, 2026, for new business and renewals.

[12] The financial information supplied by Liberty satisfies the Board, under Section 155I(1)(c) of the *Act,* that the proposed changes are unlikely to impair the solvency of the company.

[13] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory filing date for Liberty for all-terrain vehicles, snow vehicles, and motorhomes is June 1, 2029.

[14] Board staff reviewed Liberty's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*. Because no changes are proposed, the Board does not require an updated manual.

[15] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 28th day of July 2026.

Jennifer L. Nicholson